

## Message Text

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72 (51)  
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DRAFTED BY: ARA/CAR/G:DCNORTON

APPROVED BY: ARA/CAR:JRBURKE

NSC/IG/ARA:WFALKNER (DRAFT)

ARA-LA/CAR:WBWHEELER (DRAFT)

ARA-LA/DP:IAHEYMAN (DRAFT)

ARA/PLC:RMELTON (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY GEORGETOWN

S E C R E T STATE 075029

C O R R E C T E D C O P Y (A.O. & CLNCS OMITTED)

E.O. 11652: GDS

TAGS: PFOR, GY, US

SUBJECT: PRE-IG REVIEW FY 1976-77 GUYANA CASP

1. SUMMARY. PRE-IG MET MARCH 25 TO REVIEW DRAFT GUYANA CASP. DISCUSSION FOCUSED PRIMARILY ON COUNTRY TEAM'S ANALYSIS OF ISSUE AND RECOMMENDATION TO PHASE OUT BILATERAL A.I.D. PROGRAM BY END OF FY 1976. THE U.S. REQUIREMENT TO MAINTAIN ACCESS TO GUYANA'S SUPPLY OF CALCINED BAUXITE DURING THE CASP TIME FRAME WAS ALSO DISCUSSED. END SUMMARY.

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2. SOME PRE-IG PARTICIPANTS QUESTIONED THE VALIDITY OF ASSUMPTIONS ON WHICH THE COUNTRY TEAM WAS BASING ITS RECOMMENDATION AND EXPRESSED VIEW THAT THE TERMINATION OF THE BILATERAL ASSISTANCE PROGRAM AT THE END OF FY 1976 MAY BE PREMATURE. LA REPRESENTATIVES OBSERVED THAT DURING THE NEXT YEAR IT WILL BE POSSIBLE TO MORE ACCURATELY ASSESS THE ROLE THAT NON-U.S. AID DONORS CAN PLAY IN REPLACING THE CURRENT A.I.D. FUNCTIONS. PRE-IG AGREED TO REQUEST COUNTRY TEAM TO REVIEW ITS PROPOSED RECOMMENDATION AND DESIRES CT TO CONSIDER THE FOLLOWING IN ITS REEXAMINATION:

A. ALTHOUGH GUYANA WILL MOST PROBABLY BE ADMITTED TO IDB MEMBERSHIP IN FY-1976, IT IS UNCERTAIN WHETHER PROJECTS WILL BE PREPARED IN TIME FOR GUYANA TO RECEIVE IDB LENDING

BY FY-1977.

B. GIVEN THE CDB'S EMPHASIS ON ASSISTING ITS RELATIVELY LEAST DEVELOPED MEMBERS, THE CDB MAY NOT BE GEARED TO MAKING CONCESSIONAL LOANS TO THE RELATIVELY MORE DEVELOPED MEMBERS SUCH AS GUYANA. (LEAST DEVELOPED COUNTRIES HAVE PRIORITY CALL ON PRESENT SPECIAL DEVELOPMENT FUND RESOURCES.) FURTHERMORE, THE CDB WILL NOT HAVE THE CAPABILITY TO PROVIDE THE TYPE OF TECHNICAL ASSISTANCE TO GUYANA THAT A.I.D. PROVIDES.

C. ALTHOUGH GUYANA MAY CONTINUE TO RECEIVE LOAN CAPITAL FROM A VARIETY OF MULTI AND BILATERAL SOURCES, TECHNICAL ASSISTANCE, SUCH AS THAT PROVIDED BY A.I.D. IN AGRICULTURE, WILL CONTINUE TO BE REQUIRED AND IN SHORT SUPPLY.

D. IN LIGHT OF INCREASED ECONOMIC ACTIVITY BY COMMUNIST BLOC AND PRC IN GUYANA, IS IT IN OUR INTERESTS TO WITHDRAW AT THIS TIME?

E. WILL THE FACT THAT OTHER COUNTRIES CONTINUE TO RECEIVE ASSISTANCE WHICH HAVE A HIGHER PER CAPITA INCOME AND COMPARABLE ACCESS TO OTHER MULTI AND BILATERAL SOURCES OF ASSISTANCE PROVOKE AN ADVERSE GOG REACTION?

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F. SOME PRE-IG MEMBERS QUESTIONED WHETHER THE TERMINATION OF BILATERAL ASSISTANCE FORECLOSES A USEFUL FORM OF CONTACT WITH GUYANA AND WOULD TEND TO FURTHER ALIENATE THE GOG.

3. PRE-IG ALSO REQUESTED EMBASSY TO PREPARE AN ANALYSIS OF THE CONTENT AND TERMS OF OTHER EXTERNAL ASSISTANCE NOW

AVAILABLE AND THE LIKELIHOOD OF CONTINUATION OF ASSISTANCE FROM NON-TRADITIONAL SOURCES, VENEZUELA, TRINIDAD, KUWAIT, PRC, ETC. LA/CAR IS POUCHING A TENTATIVE LISTING COMPILED FROM INFORMATION AVAILABLE IN DEPARTMENT THAT SHOULD PROVIDE A GOOD STARTING POINT FOR EMBJ SY'S EVALUATION.

4. IN ADDITION TO REVIEWING ALTERNATIVES AND RECOMMENDATION IDENTIFIED IN CASP, PRE-IG PARTICIPANTS REQUEST CT COMMENTS ON THE FOLLOWING NEW ALTERNATIVES FOR RESOLUTION OF ISSUE ONE:

A. DEFER DECISION ON RECOMMENDATION TO PHASE OUT BILATERAL A.I.D. PROGRAM UNTIL NEXT CASP CYCLE. PRESUMPTION WOULD BE ESTABLISHED, HOWEVER, THAT CHANGED CIRCUMSTANCES IN GUYANA SERIOUSLY QUESTIONS CONTINUING PROGRAM;

B. DEVELOP A MORE SELECTIVE ASSISTANCE PROGRAM EMPHASIZING TECHNICAL RATHER THAN FINANCIAL ASSISTANCE AFTER FY-1976 WITH CORRESPONDING MODIFICATION OF USAID MISSION STAFFING.

5. THE PRE-IG TOOK NOTE OF GUYANA'S IMPORTANCE AS THE PRIMARY SOURCE FOR CALCINED BAUXITE USED IN THE REFRACTORY PROCESSES AND CONCLUDED THAT FURTHER PRICE INCREASES OR DIVERSION WOULD BE UNFAVORABLE DEVELOPMENTS. THE EMBASSY IS REQUESTED TO WATCH GUYANA'S ACTIONS REGARDING THE MARKETING OF CALCINED BAUXITE AND KEEP THE DEPARTMENT PROMPTLY INFORMED OF SIGNIFICANT DEVELOPMENTS. A BRIEF REPORT ON THE CALCINED BAUXITE SITUATION IS BEING PREPARED IN EB/ISM AND WILL BE POUCHED.

6. PROPOSED TEXTUAL/FACTUAL CHANGES TO CASP HAVE BEEN POUCHED TO EMBASSY FOR COMMENT.

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